ANNUAL REPORT
1982 — 1983

Health Services Commission
of Prince Edward Island

Health Services Commission of Prince Edward Island

Jones Building
11 Kent Street
Charlottetown
Prince Edward Island
C1A 7P4

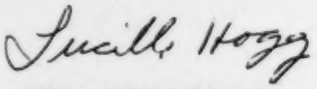
ANNUAL REPORT
For the Year Ending
March 31, 1983

Honourable Albert A. Fogarty
Minister of Health & Social Services
Province of Prince Edward Island
Charlottetown, P.E.I.

Honourable Minister:

In accordance with Section 8(1) of the Health Services Payment Act, I have the honour to present this report of the Health Services Commission on its operation for the year ended March 31, 1983.

Respectfully Submitted,



MRS. LUCILLE HOGG
Chairman
Health Services Commission
of Prince Edward Island

MEMBERS

Health Services Commission

and

Executive Director

Members	Effective Date of Appointment
Mrs. Lucille Hogg, Chairman Tea Hill	October, 1980
Mr. Bennett Carr, Vice-Chairman West Royalty	November 20, 1980
Dr. R. D. Drysdale Charlottetown	September 10, 1973
Dr. Kent Ellis Hunter River	September 10, 1973
Mr. Alden Weeks O'Leary	November 22, 1979
Mr. Jack MacNeill Murray Harbour	November 26, 1981
Mr. Claude Paynter Sherwood	November 26, 1981

Executive Director

Mr. J. Brendon McGinn

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THE COMMISSION AND COMMITTEES

HEALTH SERVICES COMMISSION

The Health Services Commission of Prince Edward Island is responsible for performing duties assigned to it by the Lieutenant-Governor-in-Council in accordance with the Health Services Payment Act and other relevant legislation.

Legislation requires the Commission to:

- operate a health services plan for residents of P.E.I.;
- establish a tariff of fees or other systems of payment for health services;
- consult with appropriate professional organizations before establishing or altering any tariff providing for payment in respect of basic health services provided to residents of P.E.I.;
- interpret tariffs and determine their application to the assessment of claims, and
- receive and disburse all moneys pertaining to the Health Services Payment Plan

MEDICAL ADVISORY COMMITTEE

MEMBERS: Dr. R. D. Midgley, Chairman
Dr. L. S. Newman
Dr. Steve O'Brien
Dr. D. C. Steeves
Dr. Lloyd Molyneaux

The Medical Advisory Committee is comprised of actively practising physicians. It is responsible for making recommendations on issues and items referred to it by the Commission, including: claims for payment, cases involving a possible overservicing of a patient by a physician or over-utilization of basic health services by a resident; medical requirement of services provided by a physician in a specific case; expanding or restricting the plan of basic health services; and new, novel or unusual medical practises or procedures that have been suggested for inclusion under the Plan.

JOINT PROFESSION-GOVERNMENT COMMITTEE FOR MONITORING OF SELECTIVE OPTED-OUT SERVICES

MEMBERS: Mr. Melvin McQuaid, Chairman
Dr. Edward Kassner
Dr. Harold P. Stewart
Mr. Bennett Carr
Mr. Pete Rossiter
Mrs. Lucille Hogg
Mrs. Doris MacWilliams

This Committee was established to monitor, analyze and review the incidence of opting out and of charges being billed to patients as a result of negotiations which gave physicians the right to opt out and bill patients for selective services or a series of selective services.

APPEAL BOARD

MEMBERS: Mr. Walter Auld, Chairman
Ms. Ann Gillis
Mr. Edison Raynor
Dr. L. S. Cox
Hon. Gerard Mitchell

The Appeal Board hears appeals from any person who is aggrieved by a decision or order of the Health Services Commission on a claim or any other matter relating to the Administration of the Plan. The decision of the Appeal Board is final.

NEGOTIATING COMMITTEE FOR MEDICAL SOCIETY NEGOTIATIONS

MEMBERS: Mrs. Lucille Hogg, Chairman
Mr. Bennett Carr
Mr. John Hobbs
Mr. David MacCormac
Mr. J. Brendon McGinn
Dr. J. L. F. Burge

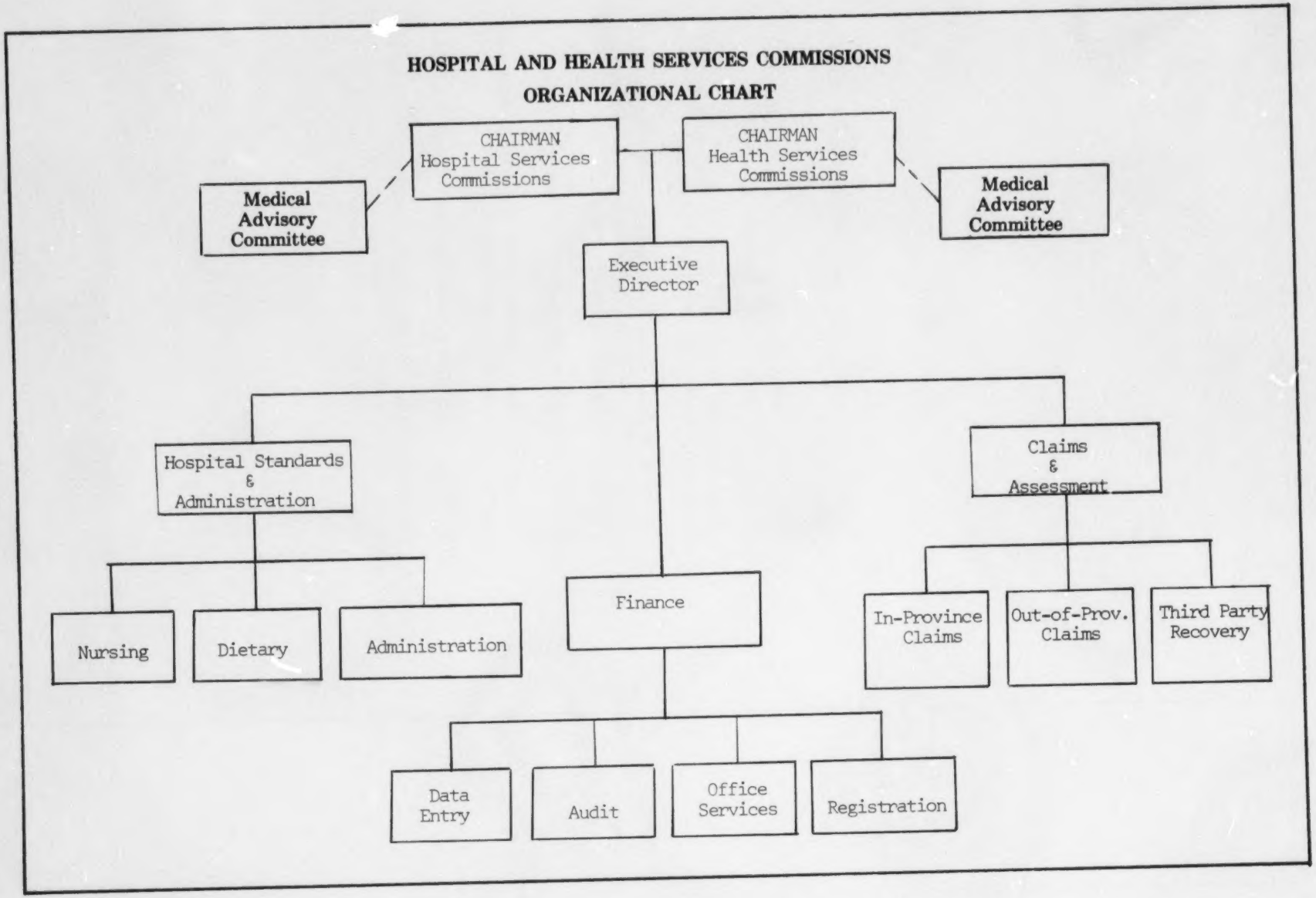
This Committee negotiates the Tariff of Fees with the Medical Society in addition to the items contained in the Preamble to the Tariff of Fees.

HIGHLIGHTS 1982-83

- Contract negotiated with the Medical Society effective June 1, 1982
- Sterilization Procedures to be considered as basic health services without prior approval of hospital committee.
- Contract negotiated with the Dental Association on the Tariff of Fees as related to Surgical-Dental Procedures.
- Standard Medical Claim Form adopted with the intent to standardize the Out-of-Province Claim Form Canada-wide and to facilitate faster medical claim payments.
- $14,208,029 paid to physicians in P.E.I. during the year.
- Number of claims received from physicians in-province showed a 5.5% increase over the previous year.
- Payments to physicians out-of-province totalled $1,087,112.
- There was a total of 153 physicians practising in the province on a full-time or part-time basis who received at least one payment from the Health Services Commission in 1982-83.

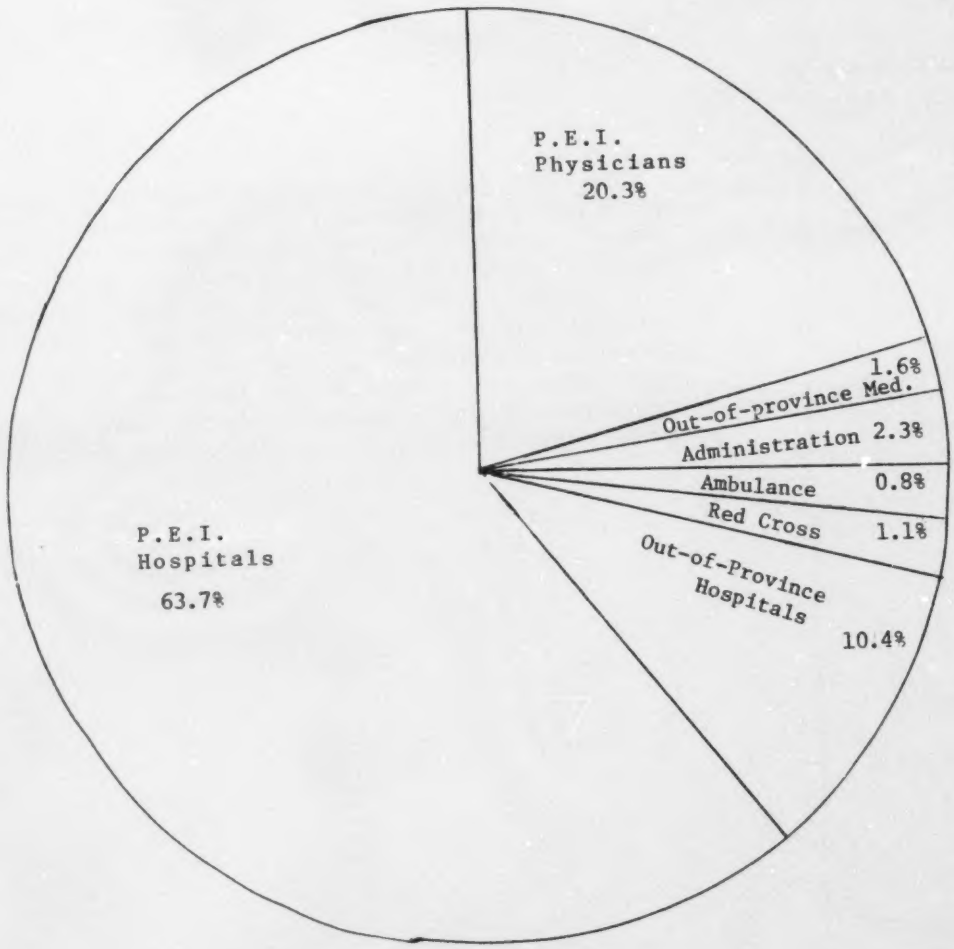
HOSPITAL AND HEALTH SERVICES COMMISSIONS

ORGANIZATIONAL CHART



Distribution of Expenditures of both the
Hospital and Health Services Commissions of P.E.I.

1982-83



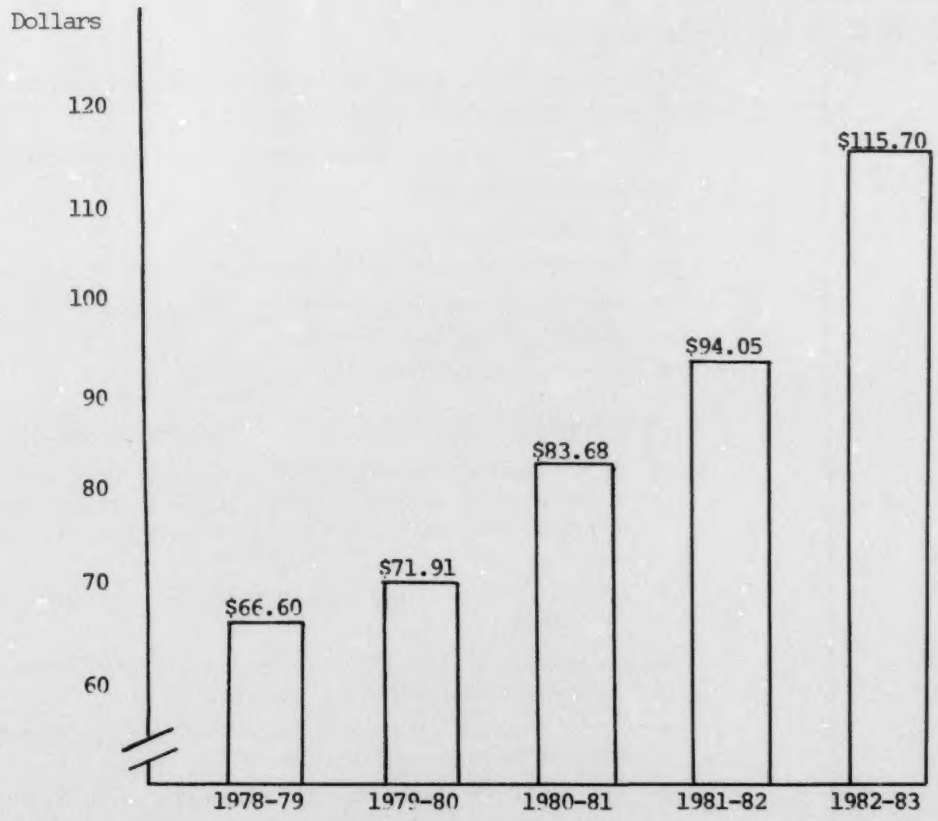
Total Expenditures = $70,127,129

INTRODUCTION

The Health Services Commission is responsible for paying claims submitted by physicians at rates established under the Tariff of Fees. Under the Tariff of Fees, rates are established for each type of diagnosis, treatment or procedure performed by a physician on behalf of a resident of P.E.I. Increases in payments to physicians can therefore result from four factors: an increase in the number of doctors, an increase in the number of times insured residents of P.E.I. visit doctors, an increase in the rates paid under the Tariff of Fees, and/or an increase in the number of relatively more expensive treatments or procedures that are provided and performed by physicians.

Per Capita Cost of In-Province Physicians' Services

1978-79 to 1982-83



BENEFITS OF THE HEALTH SERVICES PLAN

The Plan contributes towards the cost of most medically required services rendered by the physicians including:

- visits to the patient's home, to the doctor's office or in hospital
- anaesthetic services
- surgical services
- obstetrical services, including pre-natal and post-natal visits
- certain oral surgery procedures performed by dentists where admission to hospital is required
- eye refractions performed by a physician

The following physician services are not included as benefits:

- services not related to the prevention, diagnosis or treatment of disease such as medical examinations for employment or insurance coverage, attendance at an educational institution, etc.
- group inoculations and immunizations such as those carried out in schools
- preparation of testimony reports, doctors' certificates, etc., required for administrative or legal purposes
- advice or prescriptions given over the telephone except for advice re anticoagulant therapy
- doctor's travel time, detention time required in a patient's home unless special permission is obtained from the Commission
- cosmetic surgery unless medically required
- materials or drugs used by any physician while rendering medical services
- eye glasses or lenses or other appliances such as hearing aids, artifical limbs, or other devices

Services provided by chiropractors, audiologists, podiatrists, osteopaths, physiotherapists, optometrists, nurses or other para-medical personnel are not included in the Plan, nor are the normal services rendered by a dentist in his office.

ADMINISTRATION OF THE PLANS

The Hospital Services Plan and the Health Services Plan form part of the overall health services of the province.

The Hospital and Diagnostic Services Insurance Act provides the legislative authority under which residents of the province are insured against the costs of necessary hospital care and other services in aid of diagnosis.

Under the Health Services Payment Act, provision is made for payment toward the cost of basic health (medical) services for all insured residents of the province.

The cost of both Plans is funded by the Province of Prince Edward Island and the Government of Canada. There are no premiums required under either Plan, and the provincial share is provided through general revenue.

The administration of the Hospital Services Plan and the Health Services Plan is combined, though policy is determined separately by the two Commissions within the terms of reference of their Acts.

Day-to-day administration of the Plans is carried out through a Division of Claims and Assessment, a Division of Standards and Administration, and a Division of Finance, each responsible to the Commission through the Executive Director. Medical care problems relating to the operation of each Plan are considered by its Medical Advisor who may seek advice from its Medical Advisory Committee of five physicians nominated by the Medical Society of Prince Edward Island and appointed by the Commission.

The Medical Advisory Committees meet on an "as required" basis and play an important role in the smooth and efficient administration of the Plans.

DESCRIPTION OF DIVISIONS

Hospital Standards and Administration Division
R. Thelma Cameron, Director

This Division has the responsibility of ensuring through the development and maintenance of reasonable standards, insofar as possible, the effective utilization of services provided by the general hospitals, the licensed ambulance operators, the licensed nursing home operators, the School of Nursing, and the Central School of Nursing Assistants.

The Division has the following duties:

- to review and analyze the utilization trends
- to conduct such studies as it deems necessary to determine the standards are being maintained.

This is accomplished through the use of nursing, hospital administration and part-time dietary consultants.

Claims and Assessment Division
John R. Hobbs, Director

The Division of Claims and Assessment is responsible for processing both physician and hospital claims through a system of clerks and assessment rules to ensure that claims submitted are for insured services and are medically necessary.

There are three sections in this Division: In-Province Claims, Out-of-Province Claims, and Third Party Recovery. Their responsibilities include:

- processing all claims for services received in the province
- integrating information from both hospital and physician claims on individual patient history cards
- random audit program to determine from patients whether a service was rendered as claimed by a phsician
- processing all claims incurred by residents of Prince Edward Island outside the province
- investigating cases where a third party was the cause of the illness or injury of the patient, and recovering monies where possible
- field investigations regarding eligibility status of Prince Edward Island residents.

Finance Division
David. R. MacCormac, Director

The primary function of the Finance Division is to provide management with financial information for use in making policy and operating decisions. Secondarily, it acts as a service centre for hospitals and divisional directors on areas where financial advice is requested or required.

Responsibilities of the various sections within the Division of Finance include:

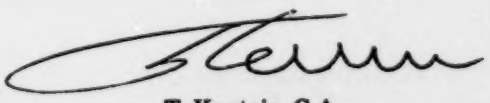
- financial management, planning and control
- financial accounting for the Commissions
- data entry for thirty-two computer programs
- batching and processing claims for data control
- general office services including switchboard
- maintenance of the resident registration files
- cash and budget control
- development of internal financial, manual, and computerized systems
- internal audit functions in hospitals.

AUDITOR'S REPORT

To the Commissioners of the Health Services Commission

I have examined the balance sheet of the Health Services Commission of Prince Edward Island as at March 31, 1983 and the statement of financial activities for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



T. Kaptein, C.A.
Auditor General

Charlottetown,
Prince Edward Island
July 12, 1983

STATEMENT 1

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND

BALANCE SHEET

MARCH 31, 1983

(with comparative figures at March 31, 1982)

ASSETS

	1983	1982
CURRENT ASSETS		
Cash	$ 17,797	$ —
Accounts Receivable		
— Province of Prince Edward Island — Note 1(b)	1,841,564	1,915,461
Hospital Services Commission	42,806	24,073
FIXED ASSETS		
Office furnishings and equipment — Note 1(a)	1	1
	$1,902,168	$1,939,535

LIABILITIES

CURRENT LIABILITIES		
Bank Overdraft	$ —	$ 201,407
Accounts Payable		
— Medical claims outstanding — Note 1(c)	1,902,168	1,738,128
	$1,902,168	$1,939,535

(Notes 1 and 2 are an integral part of these financial statements)

ON BEHALF OF THE COMMISSION:

COMMISSIONER: _____

COMMISSIONER: _____

STATEMENT 2

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31, 1983

(with comparative figures for the year ended March 31, 1982)

	1983	1982
REVENUE		
Provincial Appropriation	$16,112,605	$13,563,965
Third party recoveries	23,893	27,552
	16,136,498	13,591,517
EXPENSES		
Medical claims — Province of Prince Eward Island	14,208,029	11,946,965
— Other Provinces	1,087,112	906,673
Administration	841,357	737,879
	16,136,498	13,591,517
Net result for the year	$ —	$ —

(Notes 1 and 2 are an integral part of these financial statements)

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1983

1. Summary of significant accounting policies:

   a) Depreciation —
   Fixed assets are recorded at a nominal value of one dollar; therefore, no depreciation is charged.

   b) The account receivable from the Province of Prince Edward Island is directly related to the accounts payable for medical claims and the bank account. As the liability is realized the Province transfers the necessary funds for payment.

   c) Claims outstanding are determined on the basis of actual payments after March 31 year end and on prior years' experience. Due to scheduling problems, the March 31, 1983 Physicians' paylist, normally paid at March 31st was paid in April and therefore shows as an account payable.

	March 31, 1983	March 31, 1982
Accounts Payable		
In-Province Physicians and Patients	$1,441,684	$1,562,243
March 31, 1983 Physicians' paylist	254,275	—
In-Province Radiologists	56,496	8,628
In-Province salaried Physicians	2,400	—
Out-of Province Physicians and Patients	147,313	167,257
	$1,902,168	$1,738,128

2. Some of the 1982 figures have been reclassified to reflect changes in the presentation of the 1983 statement.

STATISTICAL SECTION

Introduction

All except two physicians in practise in the province are participating in the Health Services Payment Plan and are paid according to an agreed Tariff of Fees. The opted-out physicians charge and collect from their patients according to their own fees. These patients are subsequently reimbursed by the Health Services Commission at rates determined by the established Tariff of Fees.

The following charts and tables display some of the major situations and trends in health payments.

Physicians Practising in Prince Edward Island

As of March 31, 1983

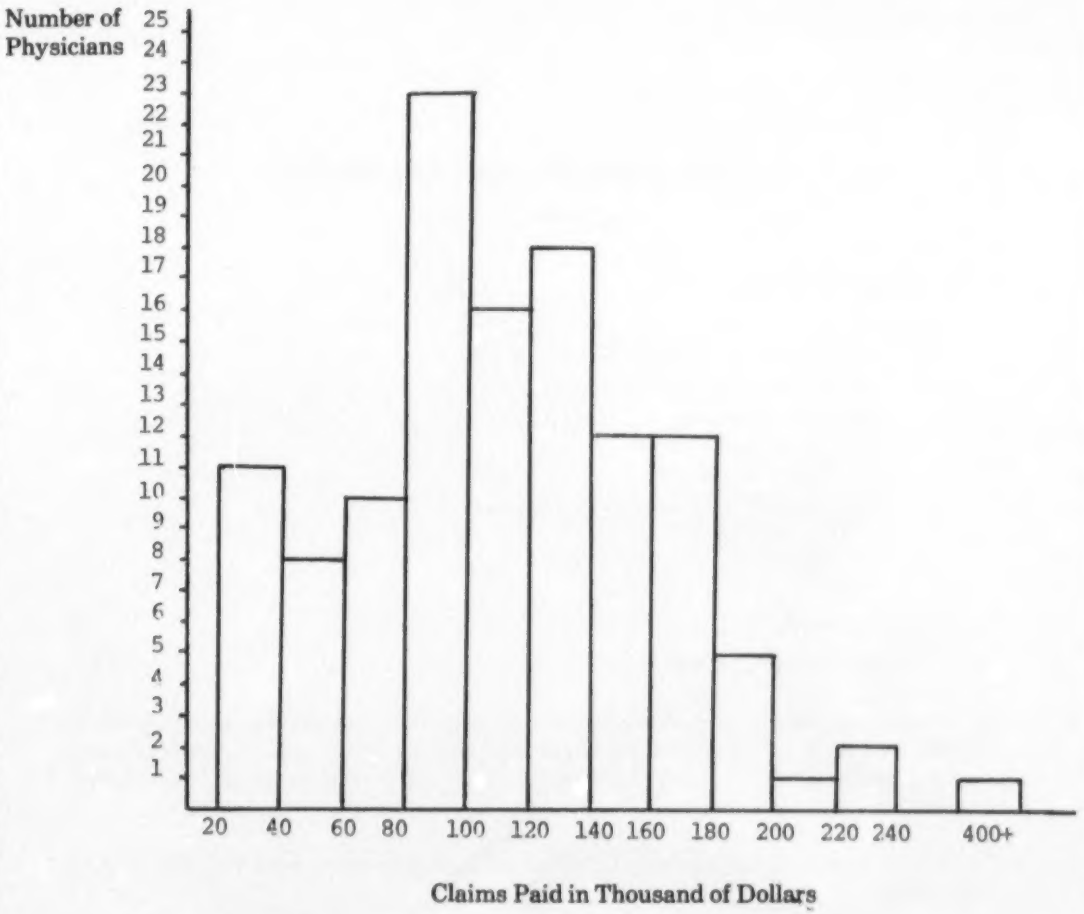
General Practitioners:		69
Specialists:		
Surgeons	11	
Obstetricians & Gynecologists	6	
Internal Medicine	9	
Ear, Nose and Throat	5	
Orthopaedic Surgery	3	
Opthalmologists	2	
Paediatricians	3	
Urology	2	
Other	9	
Total Specialists:		50
TOTAL PHYSICIANS:		119*

The most recent information available on a national basis on number of physicians is for 1980. In that year, Prince Edward Island reported 1,364 people for every general practitioner compared to 1,278 for Canada, and 2,216 people for each specialist compared to 1,307 for Canada.

* Included in this table are only those physicians who were paid $20,000 or over by the Plan.

Fee-for-Service Payments Made to Physicians

1982-83



Source: Table 1

TABLE I

Fee For Service Payments

1982 — 1983

Payment	Specialists	General Practice	Total
$410 — $420	1	0	1
$230 — $240	1	0	1
$220 — $230	1	0	1
$210 — $220	0	0	0
$200 — $210	1	0	1
$190 — $200	2	2	4
$180 — $190	0	1	1
$170 — $180	4	0	4
$160 — $170	4	4	8
$150 — $160	2	4	6
$140 — $150	5	1	6
$130 — $140	5	3	8
$120 — $130	1	9	10
$110 — $120	1	3	4
$100 — $110	4	8	12
$ 90 — $100	1	14	15
$ 80 — $ 90	2	6	8
$ 70 — $ 80	3	3	6
$ 60 — $ 70	1	3	4
$ 50 — $ 60	1	2	3
$ 40 — $ 50	3	2	5
$ 30 — $ 40	3	1	4
$ 20 — $ 30	4	3	7
TOTAL	50	69	119

NOTE: Included in this Table are only those Physicians who were paid $20,000 or over by the Plan and all Physicians but three (3) of the above were known to be in full-time practice during the fiscal year 1982-83.

Designated as Specialists are those included in the list of Specialists at the Medical Council; and others known to confine their practice to a particular specialty.

Claims Processing Results

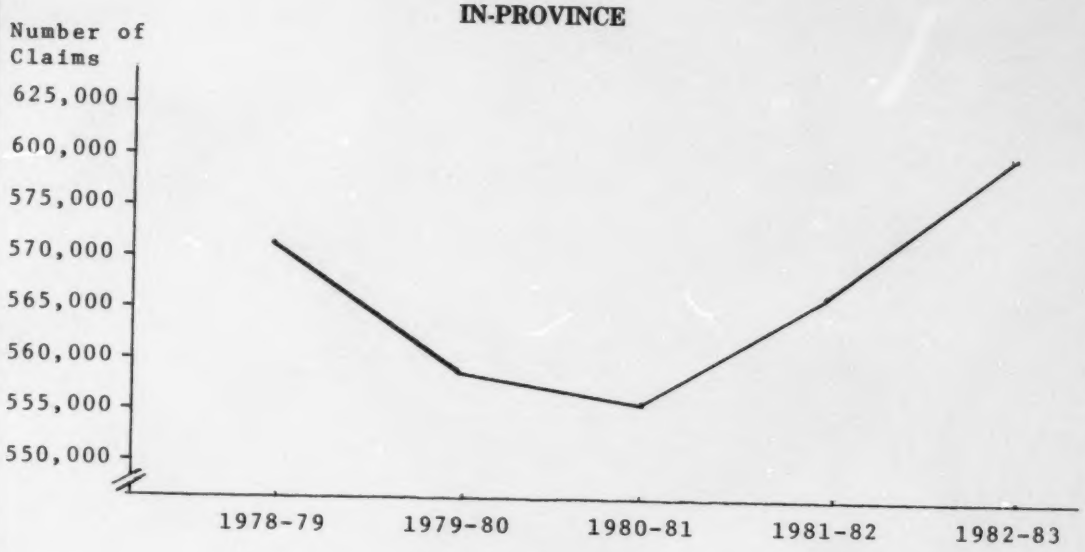
1982-83

CLAIMS (in-Province)	
Received from Physicians	603,678
Percentage Increases Over Previous Year	5.5%
Value of Rejected Claims	$204,114.44
CLAIMS (Out-of-Province)	
Claims Paid	12,965
Percentage Decrease Over Previous Year	(−) .8%
RECOVERIES FROM THIRD PARTIES	
Files Opened	972
Percentage Decrease Over Previous Year	(−) 4%
Non-Payment Settlement	696
Non-Vehicular Accidents	40
Workers' Compensation Claims	7
Recovered	159
Pending at Year End	70
PATIENT REGISTRATION	
New Registrations	3,861
Registration Updates	6,639

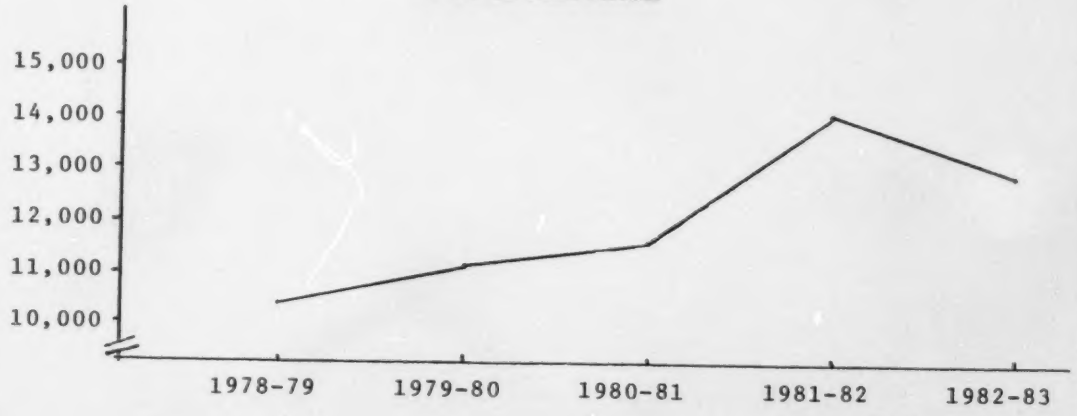
Number of Claims Paid By Fee for Service

1978 — 1983

IN-PROVINCE



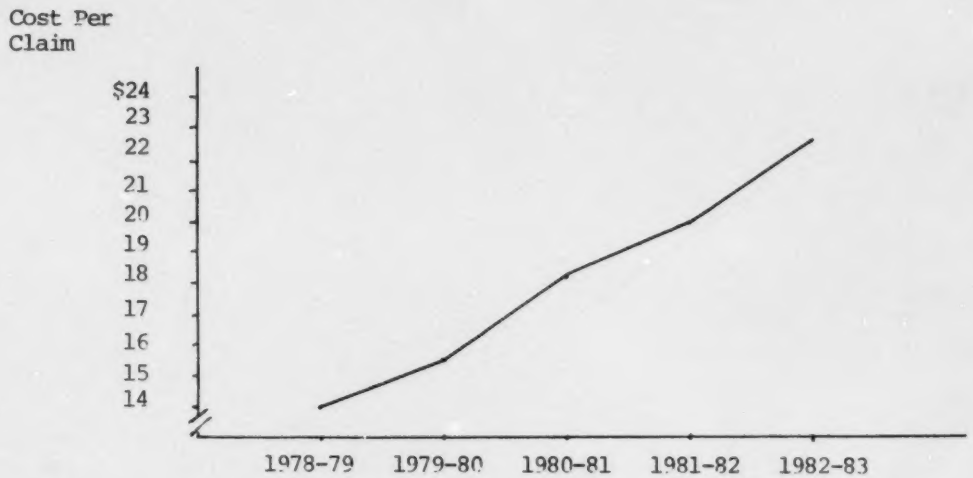
OUT-OF-PROVINCE



Average Amount Paid Per Physician's Claim

1978 — 1983

IN-PROVINCE



OUT-OF-PROVINCE

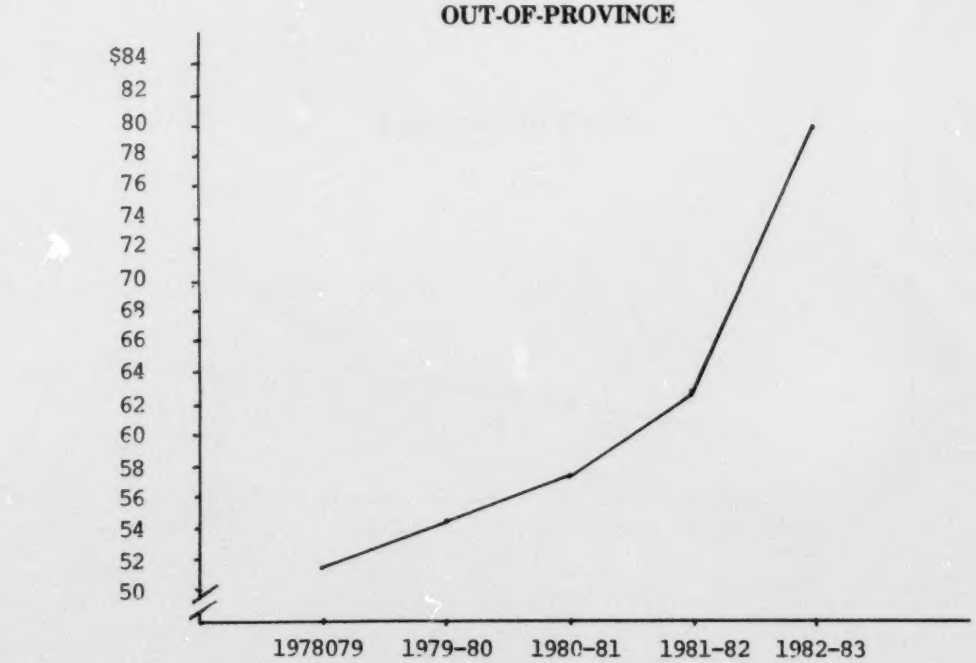


TABLE II

Claims Paid — Fee For Service: Monthly Value of Claims Incurred

Year 1982-83 Month of Payment	IN-PROVINCE No. Claims	Amount	Cost Per Claim	OUT-OF-PROVINCE No. Claims	Amount	Cost Per Claim
1982 — April	52,934	$ 1,128,689	$21.32	868	$ 71,560	$82.44
May	49,831	921,367	18.49	1,201	88,687	73.84
June	68,342	1,293,516	18.93	1,137	88,414	77.76
July	30,396	727,795	23.94	942	85,003	90.24
August	42,413	984,567	23.21	1,180	106,747	90.46
September	68,205	1,587,476	23.28	889	74,731	84.06
October	45,253	1,077,073	23.80	1,397	107,025	76.61
November	44,020	1,050,537	23.86	1,258	101,355	80.57
December	48,618	1,163,973	23.94	1,375	84,158	60.21
1983 — January	53,746	1,283,796	23.87	732	69,395	94.80
February	47,678	1,134,298	23.80	1,205	97,237	80.69
March	62,626	1,478,196	23.60	1,526	115,573	75.74
Total For The Year	614,062	$13,831,283	$22.54	13,710	$1,089,885	$79.50

* EXCLUDES RADIOLOGY PAYMENTS